

# CITY OF MUSKEGON

## CITY COMMISSION MEETING

**MAY 24, 2016**

**CITY COMMISSION CHAMBERS @ 5:30 P.M.**

### **MINUTES**

The Regular Commission Meeting of the City of Muskegon was held at City Hall, 933 Terrace Street, Muskegon, MI at 5:30 p.m., Tuesday, May 24, 2016.

Pastor Matthew Sharpe, Evanston Avenue Baptist Church, opened the meeting with prayer, after which the Commission and public recited the Pledge of Allegiance to the Flag.

#### **ROLL CALL FOR THE REGULAR COMMISSION MEETING:**

Present: Mayor Stephen Gawron, Vice Mayor Eric Hood, Commissioners Debra Warren, Willie German, Jr., Dan Rinsema-Sybenga, and Byron Turnquist, City Manager Franklin Peterson, City Attorney John Schrier, and City Clerk Ann Meisch.

Absent: Commissioner Ken Johnson

#### **2016-42 INTRODUCTIONS/PRESENTATION:**

##### **A. Presentation to Jaylyn**

There is a young girl that is a resident of the City of Muskegon who has been diagnosed with a very serious illness. Jaylyn has been very brave in the face of much adversity and was recognized at the meeting for her bravery.

##### **B. MAISD Superintendent, John Severson, Presentation Regarding Muskegon Promise**

John Severson, MAISD Superintendent, presented information to the Commission regarding the Muskegon Area Promise – a scholarship program that will fund either a certificate program, a two-year Associate's Degree or the first two years of a Bachelor's Degree at Muskegon Community College or Baker College of Muskegon.

#### **2016-43 CONSENT AGENDA:**

##### **A. Approval of Minutes** City Clerk

SUMMARY REQUEST: To approve minutes of the May 9, 2016 Worksession Meeting and the May 10, 2016 Regular City Commission Meeting.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Approval of the minutes.

**B. Fireworks Display Permit for the 2<sup>nd</sup> of July Celebration at Heritage Landing** City Clerk

SUMMARY OF REQUEST: Night Magic is requesting approval of a fireworks display permit for July 2<sup>nd</sup> at Heritage Landing. Fire Marshall Metcalf has reviewed the request and recommends approval contingent on inspection of the fireworks.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Approval contingent on inspection of the fireworks and approval of insurance.

**C. 2016-2017 Michigan Municipal League Membership Dues** City Clerk

SUMMARY OF REQUEST: Approval to pay the 2016-2017 MML dues in the amount of \$9,676. This is an increase of \$29.

FINANCIAL IMPACT:	MML Dues	\$8,796
	Legal Defense Fund	<u>\$ 880</u>
	Total	\$9,676

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Approval.

**D. 2016-2017 Muskegon High School Community Officer Agreement**  
Public Safety

SUMMARY OF REQUEST: To approve the 2016-2017 Muskegon High School Community Officer Agreement. This agreement provides Muskegon High School with a Community Officer during the nine months school is in session.

FINANCIAL IMPACT: Muskegon Public Schools agrees to pay the City of Muskegon \$2,388.10 each month, from September 2016 through May 2017, totaling \$21,492.90.

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Approve the 2016-2017 Muskegon High School Community Officer Agreement.

**E. 2016-17 Healthcare & Wellness Program** Finance Department

SUMMARY OF REQUEST: It is time to renew the City's healthcare coverage for 2016-17 plan year (6/1/16 – 5/31/17). Renewal premiums for the City's current healthcare program came in at a 7% increase over the current year. Last year we experienced an increase of 9.9%. In comparative terms, many employers

have been experiencing sharp double-digit rate increases for several years. Also, the City's healthcare costs remain below the "hard cap limits" set by PA 152 and remain cost competitive with the standards set by the state for new hires. These are good independent indicators that the City's program is cost-effective.

Starting June 1, 2016, the deductible will be increased from \$2,000 for an individual and \$4,000 for double/family to \$2,500 for an individual and \$5,000 for double/family. In addition, the coinsurance will change from 80/20% to 70/30% effective June 1, 2016.

For 2016-17, the City will continue to pay the HRA deductible if the employee and spouse completed the wellness requirements by March 31<sup>st</sup>; non-participants in the wellness program will continue to pay the first \$500 (single)/\$1,000 (double/family) of the deductible.

**FINANCIAL IMPACT:** Following is an estimate of gross premium costs for the Priority Health HMO Program compared with the current healthcare plan year:

	2016-17			2015-16		
	Single	Double	Family	Single	Double	Family
Monthly Premium	\$ 495.51	\$ 1,114.90	\$ 1,337.88	\$ 463.28	\$ 1,042.38	\$ 1,250.86
Rate Change	6.96%	6.96%	6.96%	9.95%	9.95%	9.95%
Annual Premium	5,946.12	13,378.80	16,054.56	5,559.36	12,508.56	15,010.32
Current # Employees	35	43	114	35	43	114
Total Annual Premium	208,114.20	575,288.40	\$ 1,830,219.84	194,577.60	537,868.08	\$ 1,711,176.48
		2,613,622.44			2,443,622.16	
Add: HRA Deductibles Paid by City		271,000.00			271,000.00	
Less: 10% Employee Premium Copays		(261,362.24)			(244,362.22)	
Equals: Employer Cost		\$2,623,260.20			\$2,470,259.94	
	2016 PA 152 Hard Cap Limits			2015 PA 152 Hard Cap Limits		
	\$ 6,142.11	\$ 12,845.04	\$ 16,751.23	\$ 5,992.30	\$ 12,531.75	\$ 16,342.66
	214,973.85	552,336.72	1,909,640.22	209,730.50	538,865.25	1,863,063.24
		\$2,676,950.79			\$2,611,658.99	

Full-time City employees pay 10% of the above premium costs through payroll deduction.

**BUDGET ACTION REQUIRED:** Employee and retiree healthcare costs will be included in the forthcoming 2016-17 budget.

**STAFF RECOMMENDATION:** Authorize staff to execute documents with Priority Health to renew employee healthcare coverage for the coming year.

#### **F. Consideration of Bids for: Repairs to the Boardwalk at Kruse Park Engineering**

**SUMMARY OF REQUEST:** To authorize staff to enter into a minor repairs contract (no bonds) with Midwest Builders LLC, for a total estimated bid of \$19,450 since

they were the lowest responsible bidder.

FINANCIAL IMPACT: The construction cost of \$19,450 plus engineering costs.

BUDGET ACTION REQUIRED: None at this time.

STAFF RECOMMENDATION: Authorize staff to enter into a repairs contract with Midwest Builders for an estimated price of \$19,450.

**I. Midtown Square – Authorization for Staff to Negotiate and Close on Sale of Homes** Planning & Economic Development

SUMMARY OF REQUEST: Construction of the Midtown Square Homes has been completed for four homes and is being completed for five homes. There have been several showings and one purchase offer to date. As it is necessary to move quickly on the sales negotiations, staff is requesting that the Director of Community & Economic Development and/or the Zoning Administrator/Planner III be authorized to sign the purchase agreements and closing documents for the homes, as determined by the final negotiated purchase price.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To authorize the Mayor and Clerk to sign the resolution authorizing the Director of Community & Economic Development and/or the Zoning Administrator/Planner III to sign purchase agreements and closing documents for the Midtown Square homes at a price to be determined by the City Manager.

**Motion by Commissioner Rinsema-Sybenga, second by Vice Mayor Hood, to approve the Consent Agenda as presented with the exception of Items G, H, and J.**

**ROLL VOTE: Ayes: Warren, German, Rinsema-Sybenga, Turnquist, Gawron, and Hood.**

**Nays: None**

**MOTION PASSES**

**2016-44 ITEMS REMOVED FROM CONSENT AGENDA:**

**G. Authorization of Community Housing Development Organization (CHDO) Agreements** Community & Neighborhood Services

SUMMARY OF REQUEST: To direct the Mayor and City Clerk to sign the 2015 approved agreements for the City's Community Housing Development Organization reserve and operating funds. The City Commission approved a budget of \$100,000 to Community Housing Development Organization nonprofits last spring during the City's annual Action Plan process.

- |                         |           |
|-------------------------|-----------|
| 1. Community enCompass  | \$85,000  |
| 2. Habitat for Humanity | \$22,000* |

\*Includes city HOME funding

After the Mayor and Clerk sign the contracts, the CNS office will retain one copy for our files and a copy will be supplied to the appropriate nonprofit for their records.

FINANCIAL IMPACT: Funding will be allocated from the 2015 HOME program.

BUDGET ACTION REQUIRED: The City Commission made budgeting allocation decision last year.

STAFF RECOMMENDATION: To direct Mayor and Clerk to sign agreements.

COMMITTEE RECOMMENDATION: Citizen District Council approved.

**Motion by Commissioner German, second by Commissioner Rinsema-Sybenga, to direct the Mayor and Clerk to sign agreements.**

**ROLL VOTE: Ayes: German, Rinsema-Sybenga, Turnquist, Gawron, Hood, and Warren.**

**Nays: None**

**MOTION PASSES**

**H. Approval of Neighborhood Enterprise Zone Certificates Planning & Economic Development**

SUMMARY OF REQUEST: The City is applying for Neighborhood Enterprise Zone (NEZ) certificates for the construction of the Midtown Square Homes at:

294 Monroe Ave	300 Monroe Ave	308 Monroe Ave
314 Monroe Ave	320 Monroe Ave	333 Houston Ave
339 Houston Ave	345 Houston Ave	349 Houston Ave

The State Tax Commission allows applicants to apply for an NEZ Certificate up to six months after construction commencement if the local unit of government is willing to approve. The estimated cost for construction for the homes is:

294 Monroe Avenue - \$172,640	300 Monroe Avenue - \$161,605
308 Monroe Avenue - \$193,670	314 Monroe Avenue - \$173,000
320 Monroe Avenue - \$182,420	333 Houston Avenue - \$172,875
339 Houston Avenue - \$182,260	345 Houston Avenue - \$162,290
349 Houston Avenue - \$172,115	

The City plans on transferring the NEZ certificate to the buyer once the property

is sold.

FINANCIAL IMPACT: Taxation will be 50% of the State average for the next 12 years.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the NEZ certificate.

**Motion by Commissioner German, second by Commissioner Rinsema-Sybenga, to approve the NEZ Certificates.**

**ROLL VOTE: Ayes: Rinsema-Sybenga, Turnquist, Gawron, Hood, Warren, and German.**

**Nays: None**

### **MOTION PASSES**

#### **J. Muskegon City Employee Homeownership Program Planning & Economic Development**

SUMMARY OF REQUEST: It is important to encourage the City employees to live in the City of Muskegon and enjoy the benefits of homeownership, when feasible. In addition, the City has invested time and money into eliminating blight and restoring central city neighborhoods. In keeping with both of these objectives, a "Muskegon City Employee Homeownership Program" is proposed. City employees purchasing a home within the City will be eligible for up to \$500 toward a down payment, as well as the possibility of a forgivable loan, from \$1,500 to \$4,500 depending on the neighborhood where the home is purchased.

FINANCIAL IMPACT: For employees meeting the condition of the "Program", the City will provide a \$500 match toward a down payment on a home, with the possibility of an additional \$1,500 to \$4,500 forgivable loan, depending on the neighborhood where the home is located.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the "Muskegon City Employee Homeownership Program" and authorize staff to implement the program and provide to City employees purchasing a home in the City a down payment match up to \$500, as well as the possibility of a \$1,500 to \$4,500 forgivable loan, depending on neighborhood where the home is located.

**Motion by Commissioner Turnquist, second by Vice-Mayor Hood, to approve the "Muskegon City Employee Homeownership Program."**

**Motion by Commissioner Turnquist, second by Commissioner Warren, to amend the motion by striking – "depending on neighborhood where the home is located" in the description – effectively expanding the ownership program City wide.**

**ROLL VOTE: Ayes: Turnquist**

**Nays: Gawron, Hood, Warren, German, and Rinsema-Sybenga**

**MOTION FAILS**

**VOTE ON ORIGINAL MOTION**

**ROLL VOTE: Ayes: Gawron, Hood, Warren, German, and Rinsema-Sybenga**

**Nays: Turnquist**

**MOTION PASSES**

**2016-45 PUBLIC HEARINGS:**

**A. Create a Special Assessment District for Alley Between 4<sup>th</sup> – 5<sup>th</sup> – Muskegon – Webster Engineering**

SUMMARY OF REQUEST: To hold a public hearing on the proposed special assessment for the Alley between **4<sup>th</sup> – 5<sup>th</sup> – Muskegon – and Webster**, and to create the special assessment district and appoint two City Commissioners to the Board of Assessors if it is determined to proceed with the project.

The request is the result of a petition for paving which was signed by the majority of the property owners abutting the aforementioned alley. It is also worth mentioning that the “estimated cost figures previously shared with the owners (\$28,207), via the notification of this hearing, is expected to rise substantially (more than 20%) due to higher bid prices.

FINANCIAL IMPACT: About \$35,000, which is expected to be assessed to abutting property owners, including the City.

BUDGET ACTION REQUIRED: None at this time.

STAFF RECOMMENDATION: To create the special assessment district and assign two City Commissioners to the Board of Assessors by adopting the resolution.

**PUBLIC HEARING COMMENCED:**

Rick Boyden, resides in Norton Shores, Treasurer of Temple of Israel – opposed

Kevin Huss, 421 W. Webster – opposed

Millie Richardson, 362 W. Muskegon – in favor but asking to waive engineering costs.

**Motion by Commissioner German, second by Commissioner Warren, to close the Public Hearing and to create the special assessment district and to assign two City Commissioners to the Board of Assessors by adopting the resolution in regards to the paving of the alley between 4<sup>th</sup> – 5<sup>th</sup> – Muskegon – and Webster.**

**ROLL VOTE: Ayes: Warren**

**Nays: Gawron, Hood, German, Rinsema-Sybenga, and Turnquist**

**MOTION FAILS**

**Motion by Commissioner Rinsema-Sybenga, second by Commissioner Warren, to close the public hearing.**

**ROLL VOTE: Ayes: Hood, Warren, German, Rinsema-Sybenga, Turnquist, and Gawron**

**Nays: None**

**MOTION PASSES**

**2016-46 NEW BUSINESS:**

**A. Consideration of Bids for Paving of the Alley Between 4<sup>th</sup> – 5<sup>th</sup> – Muskegon – Webster Engineering**

SUMMARY OF REQUEST: To award the Alley paving project to McCormick Sand, Inc. since they were the lowest responsible bidder with a total bid price of \$32,825.

This award, if approved, should be contingent upon the creation of the special assessment district for this project.

FINANCIAL IMPACT: The construction cost of \$32,825 plus engineering cost of an additional 15%.

BUDGET ACTION REQUIRED: None at this time.

STAFF RECOMMENDATION: Award the contract to McCormick Sand for a bid price of \$32,825 if the special assessment district is created.

**Motion by Commissioner Rinsema-Sybenga, second by Vice Mayor Hood, to reject all bids for the alley paving for 4<sup>th</sup> – 5<sup>th</sup> – Muskegon – and Webster as the creation of the special assessment district was rejected.**

**ROLL VOTE: Ayes: Warren, German, Rinsema-Sybenga, Turnquist, Gawron, and Hood.**

**Nays: None**

**MOTION PASSES**

**B. Parkland Muskegon – City Property Agreements Planning & Economic Development Department**

SUMMARY OF REQUEST: The City of Muskegon entered into a development agreement with Parkland Muskegon, LLC on September 4, 2007. The Development Agreement was amended on March 26, 2013. It is now requested to enter into a Second Amendment to the Development Agreement. The Second Amendment removes Parkland's requirement to construct 24 new market housing units on the property adjacent to High Point Flats, and includes



the sale of this property to the City, on the condition that the City builds a parking lot within twelve months of closing on the property. The parking lot will be available for the properties on the block, including High Point Flats and Ameribank. High Point Flats will be responsible for 60% of the annual costs related to the parking lot (and Ameribank will be responsible for 40%). In addition, Parkland is required to complete the exterior renovation of High Point Flats by June 30, 2017, as well as "use reasonable efforts" to complete the interior renovation by June 30, 2017 (which includes constructing 48 market rate housing units).

**FINANCIAL IMPACT:** The purchase price to the City for the property adjacent to High Point Flats is \$1.00. In addition, a special assessment in the amount of \$121,330.00 will be placed on the December 2016 property tax bill for High Point Flats. If \$3 million is spent by Parkland between the signing of the Development Agreement and June 30, 2017, the City will not exercise its rights to collect the special assessment and it will be discharged and deemed paid in full.

**BUDGET ACTION REQUIRED:** None.

**STAFF RECOMMENDATION:** To approve the "Agreement" between the City of Muskegon and Parkland Muskegon, LLC, as well as the "Second Amendment to Development Agreement" between the City of Muskegon and Parkland Muskegon, LLC, and authorize the Mayor and Clerk to sign all necessary documents, including closing documents at the time of sale. In addition, authorize staff to work with the City Attorney to develop "Exhibit B" and include that in the final "Second Amendment to Development Agreement".

**Motion by Commissioner Rinsema-Sybenga, second by Commissioner Warren, to approve the "Agreement" between the City of Muskegon and Parkland Muskegon, LLC as well as the "Second Amendment to the Development Agreement" between the City of Muskegon and Parkland Muskegon, LLC and authorize the Mayor and Clerk to sign all necessary documents, including closing documents at the time of sale. In addition, authorize staff to work with the City Attorney to develop "Exhibit B" and include that in the final "Second Amendment to Development Agreement".**

**ROLL VOTE:** Ayes: German, Rinsema-Sybenga, Turnquist, Gawron, Hood, and Warren.

Nays: None

**MOTION PASSES**

**C. Ameribank Building – Option Agreement between the City of Muskegon and Port City Construction & Development Services, LLC**  
Planning & Economic Development

**SUMMARY OF REQUEST:** The City issued a Request for Proposal for the former

Ameribank Building at 800 First Street. One viable proposal was received by the deadline of March 31, 2016. Staff has met with the proposed purchaser and an Option Agreement has been prepared between the parties. The term of the Option is through October 1, 2016, with an extension possible through January 1, 2017. The option is for 800 First Street, which will be returned to production use as a mixed-use commercial and residential development. The purchase price is \$1.00, plus a total earnest money deposit of \$20,000 (to be returned to the purchaser upon completion of the project). In addition, the City will offer a loan of \$100,000 in support of the project. The City will develop surface parking on adjacent lots (208 & 216 Clay Avenue). The parking will be shared with other developments on the block, with 40% of the maintenance costs to be paid by the purchaser.

**FINANCIAL IMPACT:** Although the purchase price for the building is minimal, the building will be renovated and put back into production use and its occupants will generate taxes for the City in the future.

**BUDGET ACTION REQUIRED:** None.

**STAFF RECOMMENDATION:** To approve the Option Agreement between the City of Muskegon and Port City Construction & Development Services, LLC and authorize the Mayor and Clerk to sign all necessary documents, including closing documents at the time of sale.

**Motion by Commissioner Warren, second by Commissioner German, to approve the Option Agreement between the City of Muskegon and Port City Construction & Development Services, LLC and authorize the Mayor and Clerk to sign all necessary documents, including closing documents at the time of sale.**

**ROLL VOTE:** Ayes: Rinsema-Sybenga, Turnquist, Gawron, Hood, Warren, and German.

Nays: None

**MOTION PASSES**

**ANY OTHER BUSINESS:**

**PUBLIC PARTICIPATION:** Public Comments were received.

**ADJOURNMENT:** The City Commission adjourned at 7:16 p.m.

Respectfully Submitted,

Ann Marie Meisch, MMC, City Clerk